

Message Text

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ACTION EUR-25

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UNCLAS SECTION 1 OF 2 OECD PARIS 4461

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SUBJECT: DAC WORKING PARTY ON STATISTICAL PROBLEMS - FEBRUARY 18

REF: (A) STATE 30504 (B) STATE 30834 (C) DAC/STAT(74), PARTS

I - IV

1. SUMMARY: WP ACCEPTED NEW DAC TABLE 5 ON PURPOSE OF COMMITMENTS AND NEW TC TABLE 5 FOR POPULATION PROGRAM TRANSACTIONS TO BE USED IN 1974 ON TRIAL BASIS. WP DECIDED AS INTERIM PROCEDURE TO CONTINUE RECORDING CONVENTIONAL GRANT ELEMENT OF RESCHEDULING TRANSACTIONS AND THAT WP/FINANCIAL ASPECTS SHOULD DISCUSS RELATION OF DEBT RELIEF (DR) TRANSACTIONS TO TERMS RECOMMENDATION. A NUMBER OF OTHER CHANGES SUGGESTED IN REF C PART I WERE MADE IN REPORTING DIRECTIVES FOR 1974. END SUMMARY.

2. VARIOUS CHANGES IN DIRECTIVES (PART I);

(A) WP REJECTED PROPOSED CRITERION THAT TRANSACTION OF PRIVATE SECTOR USING OFFICIAL FUNDS MUST BE DEVELOPMENT MOTIVATED IN ORDER FOR TRANSACTION TO BE CONSIDERED ODA. THUS, PARA 11 DIRECTIVES NOT CHANGED.

(B) DESPITE U.S., SWEDISH AND CANADIAN OPPOSITION TO INCLUSION OF EQUITY TRANSACTIONS IN ODA, WP AGREED EQUITY TRANSACTIONS CAN BE REPORTED IF REPORTING COUNTRY PROVIDES ESTIMATE OF "GRANT ELEMENT"

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CONVEYED WHICH IS AT LEAST 25-0/0. U.K., WHICH IS PRIMARILY CONCERNED

WITH THIS ISSUE, RESERVED POSITION ON GROUNDS GE ESTIMATES OF EQUITY TRANSACTION IMPOSSIBLE TO MAKE.

(C) SOME DELS NOTED DIFFICULTIES WITH PROPOSED DEFINITION OF MULTILATERAL INSTITUTIONS BUT NEW DRAFT DIRECTIVE ON RECORDING MULTILATERAL CONTRIBUTIONS (PARA 26 IN DIRECTIVES) WAS ACCEPTED IN PRINCIPLE. U.S. DEL EMPHASIZED IMPORTANCE OF POOLING CRITERION, AND LIST OF MULTILATERAL INSTITUTIONS WAS ACCEPTED WITH UNDERSTANDING IT WAS NOT NECESSARILY COMPREHENSIVE AND THAT FLOWS TO INSTITUTIONS LISTED SHOULD NOT AUTOMATICALLY BE RECORDED AS ODA. SECRETARIAT TO REDRAFT PARA 26 TO ELIMINATE AMBIGUITIES.

(D) SECRETARIAT HAS REQUESTED MEMBERS TO SUBMIT ANY FURTHER INFO ON NATIONALIZATION AND ADMINISTRATIVE COST ISSUES WHICH WILL AID FURTHER DISCUSSION. NO CHANGES WERE MADE IN DIRECTIVES RE INCLUSION OF INDEMINIFICATION PAYMENTS MADE BY INVESTMENT GUARANTEE AGENCIES IN ODA STATISTICS. U.S. NOTED THAT ITS BALANCE OF PAYMENTS RECORDING IS NOW INCLUDING THESE CROSS-SECTOR TRANSACTIONS. PROBLEM OF WHETHER TO INCLUDE ADMIN COSTS IN ODA WILL BE RETURNED TO NEXT YEAR.

(E) DIRECTIVES RE NEW DAC TABLE 7 ON TYING STATUS OF COMMITMENTS WERE ACCEPTED. BELGIAN DEL OBJECTED TO AUTOMATIC CLASSIFICATION OF VARIOUS TYPES OF TRANSACTIONS AS EITHER TIED, PARTIALLY TIED OR UNTIED AND TABLE 7 WILL BE REVISED TO INDICATE CLASSIFICATIONS ARE SECRETARIAT PROPOSALS ONLY.

(F) DIRECTIVES ON RESEARCH ALSO ACCEPTED. U.S. DEL MAINTAINED RESERVE ON EXCLUSION OF RESEARCH FOR FORMULATION OF AID PROGRAMS, WITH SOME SUPPORT FROM JAPAN. DESPITE FACT U.S. RESERVE NOT BASED SOLELY ON POSITION SUCH RESEARCH MAY BE ADMINISTRATIVELY FUNDED, WP DECIDED TO DISCUSS ISSUE IN CONJUNCTION WITH REVIEW OF DIRECTIVES ON ADMINISTRATIVE COSTS NEXT YEAR.

(G) DRAFT DIRECTIVE ON SOCIAL AND CULTURAL EXPENDITURES WAS SLIGHTLY REVISED AND ACCEPTED. END OF FIRST PARA NOW READS "TO ENHANCE THE SOCIAL AND CULTURAL DEVELOPMENT OF NATIONALS OF DEVELOPING COUNTRIES OR THEIR CULTURAL HERITAGE". U.S. DEL EMPHASIZED REPORTING COUNTRIES SHOULD BE REQUIRED TO PROVIDE FULL EXPLANATION OF TRANSACTION INCLUDED UNDER THIS HEADING, AND PARA UNCLASSIFIED

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153 IN DIRECTIVES WILL BE CHANGED TO READ MEMBERS ARE "REQUESTED" RATHER THAN "INVITED" TO GIVE SUCH DETAILS. SWEDISH DEL ASKED THAT UNDP LIST OF SUCH ACTIVITIES NOT BE REFERRED TO IN DIRECTIVES.

(H) SOME DELS, INCLUDING U.S., NOTED DIFFICULTIES WHICH SECRETARIAT NOW RECOGNIZES OF CLASSIFYING AND ESTIMATING DOLLAR VALUE OF FAC COMMITMENTS.

(I) OTHER MINOR CHANGES IN DIRECTIVES WERE DISCUSSED WITH SECRETARIAT AFTER MEETING. SECRETARIAT WILL CLARIFY APPARENT CONTRADICTION MEMO ITEM B2 IN DAC 1.

(J) RE ADDENDUM TO STAT(74) PART I CIRCULATED AND ACCEPTED AT MEETING, U.S. NOTED TO SECRETARIAT THAT ACTUAL RECORDING PRACTICES MAY NOT BE RESPONSIVE TO PRINCIPLE.

3. RECORDING DEBT RELIEF TRANSACTIONS: CANADIAN AND SWEDISH DELS CLAIMED TO HAVE UNDERSTOOD PRACTICE OF USING CONVENTIONAL GRANT ELEMENT (GE) FOR RESCHEDULING WAS REJECTED ALONG WITH GERMAN PROPOSAL FOR GRANT EQUIVALENT METHOD AT LAST WP/STATISTICS MEETING. THIS WAS NOT UNDERSTANDING OF U.K., U.S. AND CHAIRMAN. U.S. AND U.K. DELS ARGUED STRONGLY IN FAVOR OF CONTINUED USE OF CONVENTIONAL .../... BROWN

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GE. U.S. DEL POINTED OUT CONVENTIONAL GE SHOULD BE APPLIED TO LARGE VOLUME DR TRANSACTIONS NOMINALLY CLASSIFIED AS REFINANCINGS WHEN DEBTOR AND CREDITOR REMAIN THE SAME AFTER DR TRANSACTION AND TO RESCHEDULING PACKAGES INVOLVING BOTH ODA AND OOF CREDITS. SECRETARIAT ARGUED TRONGLY THAT INHERENT GE SHOULD BE USED FOR ALL DR TRANSACTIONS, AS PROVIDED FOR IN NEW PART II DRAFT DIRECTIVES AND AS IS CASE WITH ALL OTHER TYPES OF ODA TRANSACTIONS, BECAUSE CONVENTIONAL GE HAD BEEN FOUND TO DISTORT DAC STATISTICS.

GERMAN DEL REITERATED POSITION EXPOUNDED AT LAST WP/FA MEETING THAT FRG DISSATISFIED WITH DEPRESSING EFFECT DR TRANSACTIONS HAVE ON TERMS AVERAGES AND WOULD LIKE OPTION OF DECIDING WHETHER OR NOT TO INCLUDE EACH DR TRANSACTION IN ODA. JAPANESE DEL FAVORED RETAINING PRESENT DIRECTIVES (CONVENTIONAL GE) TO PRESERVE HISTORICAL COMPARABILITY IN DAC STATISTICS. AS INTERIM POSITION, WP AGREED TO CONTINUE 1973 REPORTING PRACTICE OF USING CONVENTIONAL GE FOR RESCHEDULING. PART II DIRECTIVES WERE ACCEPTED WITH MINOR CHANGES EXCEPT FOR SECTION ON TERMS WHICH WILL BE REPLACED WITH PREVIOUS DIRECTIVES ON TERMS IN ADDENDUM TO DAC(73)9. CANADA AND GERMANY ACCEPTED THIS WP DECISION AD REFERENDUM. CHARIMAN CONCLUDED WP/STATISTICS WILL NOT DISCUSS DR ISSUES FURTHER, BUT WP/STATISTICS WILL EXAMINE SECRETARIAT PAPER FROM STATISTICAL POINT OF VIEW WHICH WILL PRESENT ISSUES TO WP/FA. FYI: WP/FA TO EXAMINE RELATION OF DR TRANSACTIONS TO TERMS RECOMMENDATION AND POSSIBILITY OF CLASSIFYING DR AS SEPARATE CATEGORY OF ODA. END UNCLASSIFIED

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FYI.

4. PURPOSE OF COMMITMENTS - STAT(74)1 -- NEW DAC TABLE 5 ACCEPTED ON TRIAL BASIS FOR ONE YEAR WITH MINOR GRUMBLINGS FROM DELEGATIONS. SWEDISH DEL CONSIDERED SUB-SECTOR BREAKDOWNS AND COMMITMENT CATEGORIES TOO DETAILED, AND OTHERS QUESTIONED INCLUSION EDUCATION ESTABLISHMENTS AND SOME TYPES OF TEACHER TRAINING IN EDUCATION SECTOR. AS PROPOSED TABLE HAD BEEN REVISED SEVERAL TIMES, SECRETARIAT MADE STRONG CASE TO GIVE LATEST VERSION BENEFIT OF ONE YEAR'S TRIAL TO DETERMINE ITS USEFULNESS. FRENCH DEL INDICATED THAT GOF WILL REPORT CONTRIBUTIONS TO BUFFER STOCKS FOR FIRST TIME IN 1974. SECRETARIAT SAID NO ALLOWANCE WOULD BE MADE IN DAC TABLES FOR REPORTING SUCH TRANSACTIONS UNTIL DAC CONSIDER ISSUE.

5. AID TO POPULATION PROGRAMS -- DIRECTIVES CONTAINED PART IV APPROVED BY GROUP. U.S. POINTED OUT CONCERNS LISTED IN REF (A), AND U.K. EMPHASIZED IMPORTANCE OF RECONCILING NEW TC 5 WITH DAC TABLE 5. SECRETARIAT POINTED OUT THAT TC 5 DATA COVERS BROADER AREA THAN LINE ITEM 7C IN DAC TABLE 5 FOR POPULATION PROGRAMS; THUS, TOTALS WOULD NOT NECESSARILY BE SAME. RESPONDING TO U.S. PROPOSAL TO ELINATE DISBURSEMENTS FIGURES, BELGIAN DEL STATED GOB COULD REPORT ONLY DISBURSEMENTS. SECRETARIAT AGREED WITH U.S. THAT COMMITMENT DATA MORE IMPORTANT BUT PREVAILED UPON MEMBERS TO TRY TO REPORT BOTH COMMITMENTS AND DISBURSEMENTS. U.S. AGREED AD REFERENDUM TO ATTEMPT TO USE PURPOSE CODES SUGGESTED IN DIRECTIVE. SECRETARIAT HAS SUGGESTED U.S. SUBMIT AID COMPUTER PRINT OUT OF COMMITMENTS FOR POOPULATION PROGRAMS/PROJECTS USING AID PURPOSE CATEGORIES, IF AVAILABLE IN TIME FOR 1974 REPORTING CYCLE, SO THAT SECRETARIAT CAN ATTEMPT TO CODE TRANSACTIONS USING PURPOSE CODES LISTED IN DIRECTIVES. BROWN

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